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To: Service List, Docket No. 2019-0323, via the Commission's Document Management System electronic Distribution List

Re: Guidance for Development of an Emergency Demand Response Program and Notification of Additional Status Update Meetings

On March 9, 2021, the Commission filed a Notice of Status Conference in the instant docket that identified the need for concerted actions to mitigate possible resource shortfalls following the retirement of the AES coal plant on Oahu beginning in September 2022.

During the March 17, 2021 Distributed Energy Resources (DER) Program Track Monthly Meeting, the Commission asked Parties to contribute to this effort by developing proposals for an Emergency Demand Response (DR) Program to be included as an addition to Program Track final proposals. The Commission noted that guidance would be filed in the docket to provide Hawaiian Electric and other docket Parties with more detailed information regarding the type of demand response program to be developed.

The Commission is encouraged by the presentation by the DER Parties at the March 17th meeting, which included preliminary details for a Phased Implementation Approach to grid service delivery from DERs, including an Emergency Load Reduce program. The Commission encourages further development of such a program to align with the guidance provided herein for an Emergency DR Program.

Program development:

The Commission has developed initial inclinations for such a program based on identified future system needs. The Commission recognizes the expertise of the Parties in this docket, and therefore notes that the program elements below are provided for consideration and as an initial starting point to help guide program proposals. The Commission intends to work closely with Parties to further develop and refine proposals over the course of the coming weeks and requests Hawaiian Electric and the other docket Parties to work collaboratively to develop proposals to address this urgent system need.

Program elements:

- **Program design:**
 - The Commission envisions that the Emergency DR program will be managed by Hawaiian Electric following a “Bring Your Own Device (BYOD)” model that allows customers with qualifying technologies to enroll in the program.
 - The Program should target enrolling 50 MW of available resources from residential, commercial, and industrial customers. The program should focus on capacity (load reduce) and energy delivery resources (including generation, storage, load control, etc.) during times of system need including but not limited to morning ramps, periods of low renewable energy generation, unexpected unit outages, and evening peaks.
 - The Program should be in place as soon as practical (and not later than June 2022) and should run through at least 2023 (approximately two year program duration).
 - Program proposals should identify expected maximum event durations, frequency, and any seasonal attributes.
 - Program proposals may explore methods for verifying resource delivery and non-performance charges.
 - Compensation should be based on the value of delivered resources to the system, which is substantial given the system needs and risks, and may be on the order of about \$10/kW/month. This figure is provided as a starting point for discussions and may be adjusted as appropriate.
- **Program rollout and implementation:**
 - The Companies should leverage community partnerships for customer enrollment and program implementation, including exploring options for rebates for qualifying technologies. Partners may include community organizations, DER contractors, Hawaii Energy, and others.
 - All aspects of the Program should prioritize the customer experience, including easy enrollment (including for customers without advanced metering capabilities), ability to opt-out of the program or specific events, and clear messaging throughout.

- Event notification should seek to use multiple channels (e.g. direct account communication, text messages, day-ahead emails, etc.) that recognize the diversity of possible event types and of the customer base.
- Program costs may be eligible for recovery through the DSM surcharge and the DRAC.

Next steps:

The Commission intends to modify the agenda for the March 24th Program Track Technical Conference to focus on discussing this preliminary guidance. This time will be intended to allow the Commission to further elaborate on this guidance, answer questions the Parties may have, surface initial concerns from the Parties that may need to be addressed to ensure successful program implementation, and to begin dialogue amongst Parties to develop additional ideas for proposals. The Commission will notify the Parties of the updated agenda by letter in this docket.

Following the March 24th Technical Conference, the Commission will convene additional meeting times to allow Parties to iterate on initial ideas, pose questions to the Commission for timely feedback, and to help surface additional information necessary to fully develop proposals. The Commission is currently considering scheduling meetings on the following days:

- Wednesday April 7th from 10am – 12 pm
- Wednesday April 21st from 10am – 12pm

Webex information and meeting agendas will be provided to Parties and filed in the docket in advance of each meeting.

Final proposals for the Emergency DR programs should be included in the May 3rd final proposal submissions.

The Commission sincerely appreciates the efforts of the Parties to date in this docket as well as their willingness to develop both near- and long-term programs that will help to ensure a reliable system that fairly compensates customers for their contributions to system needs.

Questions regarding the contents of this letter should be directed to Rachel James at rachel.m.james@hawaii.gov.

Sincerely,



Caroline C. Ishida
Chief Counsel

CCI:ljlk

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